

## Message Text

UNCLASSIFIED

PAGE 01 LONDON 16064 261805Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00  
INRE-00 ERDA-07 AID-05 CEA-01 CIAE-00 COME-00  
DODE-00 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03  
NSAE-00 OMB-01 PM-05 OES-07 SP-02 SS-15 STR-05  
TRSE-00 ACDA-10 PA-02 PRS-01 /100 W  
-----031195 261811Z /53

O 261758Z SEP 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 8702

UNCLAS LONDON 16064

FOR: ROSEN - EB/FSE - FROM BOSWORTH

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: DRAFT STATEMENT FOR SENATE ENERGY COMMITTEE

1. FOLLOWING IS SUGGESTED REVISION OF LAST SEVERAL SENTENCES OF PARAGRAPH 15 CONCERNING YUKON TAXATION REGIME. QUOTE: THIS ALTERNATIVE REGIME SPECIFIES THE MAXIMUM LEVELS OF TAXATION WHICH MAY BE IMPOSED IN THE YUKON DURING THE CONSTRUCTION AND THE FIRST FIVE YEARS OF OPERATION OF THE PIPELINE. WHILE THE CANADIANS WERE RESPONSIVE TO OUR NEED FOR PROTECTION AGAINST EXCESSIVE TAXATION OF THE PIPELINE IN THE YUKON, THEY WERE UNDERSTANDABLY RELUCTANT TO COMMIT THEMSELVES TO A SPECIFIC LEVEL OF TAXATION BEYOND THE FIRST FIVE YEARS OF OPERATION. THEREFORE, WE AGREED THAT THE MAXIMUM LEVEL OF THE YUKON PROPERTY TAX ON THE PIPELINE CAN BE INCREASED AFTER FIVE YEARS IN LIGHT OF EITHER THE RATE OF INFLATION IN CANADA, THE PER CAPITA LEVEL OF YUKON REVENUES FROM PROPERTY TAXES AND GRANTS FROM THE FEDERAL GOVERNMENT, OR THE LEVEL OF TAXATION IMPOSED ON THE TRANS-ALASKA OIL PIPELINE BY THE STATE OF ALASKA.

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THIS ALTERNATIVE TAX REGIME WOULD OF COURSE BE SUPERSEDED IF THE DEMPSTER LINE IS BUILT WHEN THE ALCAN LINE WOULD ENJOY THE ASSURANCES ON TAXATION PROVIDED BY THE TRANSIT PIPELINE TREATY. UNQUOTE.

2. THIS LANGUAGE SHOULD BE CHECKED CAREFULLY AGAINST THE AGREEMENT BUT I BELIEVE IT IS CLEARER AND MORE

ACCURATE THAN THE ORIGINAL DRAFT. SINCE THIS WAS AN  
ISSUE OF MAJOR INTEREST IN THE HOUSE HEARINGS, THE  
WRITTEN STATEMENT SHOULD BE AS SPECIFIC AS POSSIBLE ON  
IT.

BREWSTER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMITTEES, TAXES, SPEECHES, PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 26-Sep-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Type:** TE  
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**Review Markings:**  
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